

Financial Report
ST. CHARLES COUNCIL ON AGING, INC.
Hahnville, Louisiana

June 30, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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Hahnville, Louisiana

June 30, 2005

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MANGEMENT'S DISCUSSION AND ANALYSIS

St. Charles Council on Aging, Inc.

The following discussion and analysis of the St. Charles Council on Aging, Inc.'s financial performance provides an overview and analysis of the Council's financial performance and activities for the year ended June 30, 2005. This document should be read in conjunction with basic financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The Council showed an increase in overall net assets of \$120,521, or 12.6%.
- Net capital assets of the Council increased by \$86,291, or 74.7%.
- The Council's fund revenues increased by \$101,498, or 9.2%
- Fund expenditures increased by \$127,393, or 12.2%.
- The unreserved, undesignated fund balance for the Council's General Fund was \$857,860, at year-end, which is a \$19,198 or 2.3% increase from the prior year.
- No deficit fund balances existed at year-end.
- The Council has no long-term debt.

HOW TO USE THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 18 and 19) provide information about the activities of the Council as a whole and present a long-term view of the Council's finances. Fund financial statements begin on page 20. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Council's operations in more detail than the government-wide statements by providing information about the Council's most significant funds.

The Council's auditor has provided assurance in his independent auditor's report, located immediately after this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. The auditor also provides in his report varying degrees of assurance about the Supplementary Financial Information required by GASB Statement 34 and GOEA that follows later in this reporting package. A user of this document should read the independent auditor's report carefully to ascertain the level of assurance being provided for each part of the financial section of the report.

MANGEMENT'S DISCUSSION AND ANALYSIS
St. Charles Council on Aging, Inc.
(Continued)

REPORTING THE COUNCIL AS A WHOLE USING GOVERNMENT-WIDE STATEMENTS

Management's analysis of the Council as a whole begins on page 5. An important point to consider is whether or not the Council's finances, as a whole, are better or worse off as a result of this year's activities. The Statement of Net Assets and the Statement of Activities (referred to collectively as the government-wide financial statements) report information about the Council as a whole and about its activities in a way that helps when considering this point. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements, found on pages 18 and 19, report the Council's net assets and changes in them. The Council has restricted net assets of \$1,511, which must be used for specific purposes, whereas \$870,327 of its net assets are unrestricted, meaning that they can be used for any program at management's discretion. The Statement of Net Assets is designed to present the financial position of the Council as of year-end. Over time, increases or decreases in the Council's net assets are one indicator of whether its financial position is improving or deteriorating. However, to assess the overall financial position of the Council, the reader must consider other non-financial factors, such as the condition of the Council's capital assets and facilities, the addition or termination of grants and other revenue sources, and the expansion or contraction of programs and services.

The Statement of Activities provides information that shows how the Council's net assets changed as a result of this year's activities. All of the Council's significant activities are reported in the Statement of Activities, including an Administration function and a Health, Welfare, and Social Services function. The Health, Welfare, and Social Services function is comprised of six primary programs that include supportive social services, nutritional services, family caregiver support, disease prevention and health promotion, senior citizen center operations, and general public transportation. Subprogram activities are also presented to facilitate additional analysis. All activities of the Council are considered to be governmental activities. A governmental activity is usually one where the Council uses money it receives from governmental grants and contracts, along with donations from the general public, to provide services at no charge to the general public, or a segment of the general public, such as the elderly. If the Council charged fees with the intention of making a profit or recovering the full cost of providing the service, that activity

MANGEMENT'S DISCUSSION AND ANALYSIS
St. Charles Council on Aging, Inc.
(Continued)

would be classified as a business-type activity. The Council does not have any business-type activities and it did not directly charge any person or entity who received any service a fee to receive the service during the year.

REPORTING THE COUNCIL'S MOST SIGNIFICANT FUNDS USING FUND FINANCIAL STATEMENTS

The Fund Financial Statements on pages 20 to 21 provide detailed information about the Council's most significant funds, not the Council as a whole entity. In the Fund Financial Statements, there are column presentations for a General Fund, three Special Revenue Funds that have been determined to be "Major Funds", and a column for the total of all remaining Special Revenue Funds, which are deemed to be "Nonmajor Funds." The General Fund is used to account for all financial resources except those that are required to be accounted for in another fund. The Special Revenue Funds account for the proceeds of specific revenue sources which are legally restricted to expenditures for specified purposes. By using separate funds to track revenues and expenditures, management can control funds for particular purposes or show that the fund is meeting legal responsibilities for using certain grants and other revenues.

The General Fund and Special Revenue Funds are considered governmental funds. Governmental funds focus on how money flows into and out of funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Council's general government operations and the basic services it provides. Governmental fund information helps the reader to determine whether there are more or fewer financial resources that can be spent in the near future for Council programs. The difference between net assets of governmental activities and fund balances of the governmental funds are reconciled at the bottom of the Balance Sheet for Governmental Funds. In addition, the difference between the change in fund balance for the governmental funds and the change in net assets for the governmental activities has been reconciled on a separate page that follows the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds. These two reconciliations will facilitate the comparison between governmental activities and funds.

MANGEMENT'S DISCUSSION AND ANALYSIS
St. Charles Council on Aging, Inc.
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NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 23 to 52 and should be read before making assumptions or drawing conclusions about the Council's financial condition.

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GASB STATEMENT 34

The Governmental Accounting Standards Board (GASB) Statement 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has an adopted annual budget. The schedules compare the original and final budgets to actual budget results for the Council's fiscal year. Positive and negative variances between the final budget and actual amounts are also presented.

Major funds are those funds whose revenues, expenditures, assets, or liabilities are at least 10% of corresponding totals for all governmental funds. In addition, a major fund could be a fund that does not meet these criteria but which is believed to be important to present the Council's financial statement users.

Management's Discussion and Analysis (MD&A) is also required supplementary information (RSI) by GASB Statement 34. However, GASB Statement 34 requires the MD&A be presented as the first item in this reporting package and not with GASB's other RSI, which is included later in this reporting package.

OTHER SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA

The Governor's Office of Elderly Affairs (GOEA) has required the Council to present as schedules the information on pages 59 to 60. This information will be used by GOEA to verify the accuracy of information submitted by the Council during the year to help GOEA monitor certain compliance requirements set forth in the grants that it has with the Council.

MANGEMENT'S DISCUSSION AND ANALYSIS
St. Charles Council on Aging, Inc.
(Continued)

AN ANALYSIS OF THE COUNCIL AS A WHOLE USING GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following amounts reflect condensed information on the Council's net assets:

	2005	2004	Increase (Decrease)
Current and Other Assets:			
Current Assets	\$ 741,429	\$ 744,985	\$ (3,556)
Long-term Investments	188,099	145,779	42,320
Capital Assets, net of depreciation	<u>201,742</u>	<u>115,451</u>	<u>86,291</u>
Total Assets	1,131,270	1,006,215	125,055
Current Liabilities	<u>57,690</u>	<u>53,156</u>	<u>4,534</u>
Total Liabilities	<u>57,690</u>	<u>53,156</u>	<u>4,534</u>
Net Assets:			
Invested in Capital Assets	201,742	115,451	86,291
Restricted	1,511	5,724	(4,213)
Unrestricted	870,327	831,884	38,443
Total Net Assets	<u>\$ 1,073,580</u>	<u>\$ 953,059</u>	<u>\$ 120,521</u>

As of June 30, 2005 and 2004, the Council "as a whole" had assets greater than its liabilities of \$1,073,580 and \$953,059, respectively. About 81% of the Council's total net assets are unrestricted as of June 30, 2005, whereas at the end of 2004, the unrestricted net assets were about 87% of total net assets. Unrestricted net assets are important because they provide management the resources to adapt to changes in the economy, emergencies, unanticipated service needs and a reduction in or termination of grant revenues by government agencies.

The Council's restricted net assets were less than 1% of total net assets for both years. Net assets are reported as restricted when the constraints placed upon the assets' use are either (a) externally imposed by a grantor, contributor, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

The net assets that have been invested in capital assets are presented net of any related outstanding debt to acquire them. For the years presented, there is not any debt to be subtracted from the capital asset amount. The Council's policy is to acquire capital assets by paying cash and avoiding debt. This policy helps assure management will stay within its financial means so that future revenues will be spent for client services instead of debt service.

MANGEMENT'S DISCUSSION AND ANALYSIS
St. Charles Council on Aging, Inc.
(Continued)

The Council had invested \$226,295 in six certificates of deposit (CDs) at June 30, 2005, which mature at various dates from August 2005 to February 2008. The certificates of deposit represent funds set aside to cushion any unexpected loss of revenue that might adversely impact the Council's ability to continue current service levels. Further, the long-term maturities are a way to maximize interest income on a portion of the excess operating funds.

Current assets are comprised of \$628,068 (\$677,558 for 2004) of funds that have been invested in LAMP. LAMP is a pool of local government funds that invests in short-term, high-quality investments for the purpose of providing a means to obtain interest income on idle funds and maintain liquidity. All investment income is available for management's discretionary use. The LAMP account is used as a means to finance the Council's operations during the fiscal year. Property tax collections are deposited into the LAMP account and held there until they are needed to pay the Council's bills.

Current liabilities consist primarily of accounts payable to vendors and payroll related liabilities that are due in the normal course of operations. Also included is \$7,059 (\$7,257 for 2004) for compensated absences that represents the Council's aggregate liability for unpaid vacation leave that its employees had earned but not taken as of year-end.

MANGEMENT'S DISCUSSION AND ANALYSIS
St. Charles Council on Aging, Inc.
(Continued)

The following table illustrates the revenues and expenses that produced the increase in net assets for the fiscal year.

Revenues	2005	% of Total	2004	% of Total
Program Revenues:				
Operating Grants and Contributions	\$ 285,106	24.36%	\$ 255,969	23.90%
Capital Grants and Contributions	112,037	9.57%	80,446	7.51%
General Revenues:				
Property Taxes	700,669	59.86%	673,656	62.91%
Unrestricted Grants and Contributions	52,796	4.51%	51,848	4.84%
Investment Income	19,832	1.69%	8,607	0.80%
Other General Revenues	6	0.00%	345	0.03%
Total Revenues	1,170,446	100.00%	1,070,871	100.00%
Direct Program Expenses of the Health, Welfare, and Social Services Function:				
Supportive Services:				
Priority Services:				
Transportation of the elderly	245,187	23.31%	239,105	25.12%
Homemaker	28,784	2.74%	33,284	3.50%
Information and Assistance	21,399	2.03%	16,780	1.76%
Outreach	1,581	0.15%	1,279	0.13%
Legal	1,800	0.17%	1,800	0.19%
Personal Care	79,938	7.60%	74,779	7.86%
Home Repairs	3,067	0.29%	7,065	0.74%
Non-priority Services	68,585	6.52%	64,725	6.80%
Nutrition Services:				
Congregate Meals	65,815	6.26%	54,618	5.74%
Home-delivered Meals	157,264	14.95%	148,799	15.63%
Family Caregiver Support	12,431	1.18%	12,042	1.27%
Disease Prevention and Health Promotion	8,132	0.77%	7,936	0.83%
Senior Citizen Center Operations	31,688	3.01%	34,121	3.59%
Transportation Services-non-elderly	8,349	0.79%	4,295	0.45%
Direct Administrative Expenses	317,885	30.22%	251,130	26.39%
Total Expenses	1,051,905	100.00%	951,758	100.00%
Excess of revenues over expenses before special items	118,541		119,113	
Special items	1,980		5,792	
Increase in Net Assets	120,521		124,905	
Net Assets, beginning of the year	953,059		828,154	
Net Assets, end of the year	\$ 1,073,580		\$ 953,059	

MANGEMENT'S DISCUSSION AND ANALYSIS
St. Charles Council on Aging, Inc.
(Continued)

The table above presents in a more summarized version the revenues and expenses of the Council's governmental activities for FY 2005 and FY 2004 than does the Statement of Activities.

Most of the Council's activities are funded by a local property tax and federal and state grants.

The gross proceeds from the property tax in FY 2005 were \$735,389 (\$705,457 for 2004). The St. Charles Parish Government withheld \$34,720 (\$31,801 for 2004) of the gross proceeds to pay for the Council's pro-rata share of parish-wide expenses, which resulted in the Council receiving net property tax proceeds of \$700,669 (\$673,656 for FY 2004). In the Statement of Activities the net proceeds of the property taxes has been presented as "general revenue" because this money can be used to benefit any of the Council's programs. Further, management has elected to offset the gross property tax amount with the amount kept by the Parish rather than add it to the Council's administrative expenses because the amount withheld is in substance not an administrative expense of the Council. The net proceeds of the property tax represent about 60% (63% for 2004) of the Council's total governmental activity revenue. Obviously, without this source of revenue the Council's operations would have to be curtailed significantly.

Program revenues, which are comprised mainly of government grants and restricted public support, amounted to \$397,143 (\$336,415 for 2004), or about 34% (31% for 2004) of the Council's total governmental activity revenues. These revenues must be used for the purposes for which they were given or granted to the Council.

The Council also received \$52,296 (\$51,848 for 2004) of unrestricted public support and grants, which was available for management to use at its discretion. This type of revenue comprised about 4.5% (4.8% for 2004) of the Council's revenues.

The expenses in the table have been presented by primary programs, with some additional details about the subprograms. In presenting this information, only direct program expenses are shown. The administrative expenses include all administrative expenses of the Council before any allocation was made to the various programs. Percentages have been presented for the expenses associated with each program for ease of analysis and to illustrate where the Council has spent its

MANGEMENT'S DISCUSSION AND ANALYSIS
St. Charles Council on Aging, Inc.
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money this year. The expense allocations are a good indication of the demand for each type of service.

The Council had a \$120,521 increase in its net assets for FY 2005 whereas the increase in net assets for 2004 was \$124,905. The Council was able to maintain a comparable increase in net assets this year versus the prior year because management was able to generate an increase in overall revenues of \$99,575 to keep pace with the increase in overall expenses of \$100,147.

AN ANALYSIS OF GOVERNMENTAL ACTIVITIES

When reviewing the government-wide Statement of Activities, there are relationships that are important to the understanding of the Council's operations. As you can see, the Council's largest activities are transportation and nutrition services. The Council's main focus is to meet the needs of the elderly citizens of St. Charles Parish and presently these two services are in the greatest demand. However, there is a growing demand for in-home type services, such as, homemaker, personal care, and family caregiver type services. As these demands increase, management will need to adjust its annual budget to reallocate available resources to meet the demands.

Another area of interest on the Statement of Activities relates to the total column wherein the Council illustrates that most of the governmental activities have more expenses than revenues. In other words, they are not self-supporting. However, the programs in the Family Caregiver Support section and home repair program of the Supportive Services section give an appearance of supporting themselves because their net expenses are zero. However, these programs are not allocated any indirect costs because all services are subcontracted and grantor agencies do not permit an allocation of indirect costs in "full service" type cases.

MANGEMENT'S DISCUSSION AND ANALYSIS
St. Charles Council on Aging, Inc.
(Continued)

As previously mentioned, none of the programs are self-supporting. This financial relationship is expected and budgets are prepared accordingly. Traditionally, general revenues are used to cover the excess of expenses over revenues in these activities. Without the property tax revenue and the unrestricted grants and contributions, the Council would have a difficult time providing services at current levels. Further, the general nature of these revenues allows management discretion as to how to apply them in paying for the Council's current services as well as reallocating them to meet future demands.

Another indication of how money is used efficiently can be analyzed by comparing the amount of administration costs from year to year as well as calculating the percentage administration expenses bears in relation to total expenses. For 2005, total administration expenses were \$317,885 or 30.25% of total expenses whereas for FY 2004 total administration expenses were \$251,130, or 26.39% of total expenses. Administration expenses include indirect type costs meaning that these are costs that are not specifically identified with a particular program, but which benefit all programs.

AN ANALYSIS OF THE COUNCIL'S FUNDS USING GOVERNMENTAL FUND FINANCIAL STATEMENTS

Fund Balances

The Council showed a combined governmental fund balance of \$877,901 (as shown on the Fund Financial Statement's Balance Sheet on page 20) at the end of this year, which is an increase of \$33,036 over the prior year. The General Fund increased by \$37,250 this year, and the combined fund balances of the Special Revenue Funds decreased by \$4,214.

The primary reasons for the increase in the General Fund balance can be attributed to an increase in property tax revenue of about \$29,000 and an increase in investment income of about \$11,000.

MANGEMENT'S DISCUSSION AND ANALYSIS
St. Charles Council on Aging, Inc.
(Continued)

Revenues

The combined fund revenues increased \$101,498 this year versus last year, as shown in the table below.

	2005	2004	Increase/ (Decrease)	
			Amount	Percent
Property Taxes	\$ 734,393	\$ 705,456	\$ 28,937	4.10%
Intergovernmental	350,141	321,344	28,797	8.96%
Public Support	99,788	66,920	32,868	49.12%
Investment Income	19,832	8,607	11,225	130.42%
Program Service Fees	10	0	10	N/A
Miscellaneous	6	345	(339)	-98.26%
Total Revenues	\$ 1,204,170	\$1,102,672	\$ 101,498	9.20%

The increase in property taxes is a function of an increasing property tax base in St. Charles Parish. The increase in Intergovernmental revenue is due to the Council receiving \$31,591 more federal matching funds under a capital assistance program in FY 2005 than it did in FY 2004. The increase in public support funds in FY 2005 was primarily produced by (1) a \$27,390 increase in the amount United Way allocated the Council for its programs in 2005 versus 2004 and (2) an increase of \$3,238 of public support for the utility assistance program in FY 2005. Rising interest rates, particularly on the money invested in LAMP, caused the increase in investment income. The average annualized yield on the LAMP account was .95% for FY 2004 but increased to 2.57% for FY 2005.

MANGEMENT'S DISCUSSION AND ANALYSIS
St. Charles Council on Aging, Inc.
(Continued)

Expenditures

Total expenditures increased by \$127,393 this year, as shown in the table below.

	2005	2004	Increase/ (Decrease)	
			Amount	Percent
Personnel	\$ 373,988	\$ 340,849	\$ 33,139	9.72%
Fringe	58,254	52,560	5,694	10.83%
Travel	3,553	3,535	18	0.51%
Operating Services	192,617	172,108	20,509	11.92%
Operating Supplies	73,996	56,708	17,288	30.49%
Other Costs	21,123	21,900	(777)	-3.55%
Meals	126,020	123,670	2,350	1.90%
Full Service Contracts	133,006	131,193	1,813	1.38%
Utility Assistance	10,068	9,767	301	3.08%
Capital Outlay	145,769	101,630	44,139	43.43%
Intergovernmental	34,720	31,801	2,919	9.18%
	<u>\$ 1,173,114</u>	<u>\$ 1,045,721</u>	<u>\$ 127,393</u>	<u>12.18%</u>

Personnel costs increased in FY 2005 because the Council gave its employees an across the board raise of 3%, plus the Council hired an assistant director in September 2004, which added about \$20,000 more to its payroll in FY 2005. Fringe benefit expenditures are a function of personnel costs, so as personnel costs rise, so will the fringe costs. Operating service expenditures increased in FY 2005 because some of the component costs of this category rose. Specifically, individual costs that had notable increases were: Accounting \$9,615; Computer Service \$2,971; Radio Rental \$3,449; Vehicle Maintenance \$4,424; and Telephone \$3,216. Operating supplies increased this year because the cost of gas increased by \$7,819, office supplies increased by \$3,373, facility supplies increased by \$1,659, kitchen supplies increased by \$1,615, and small equipment purchases increased by \$1,789. Capital outlay expenditures increased by \$44,139 this year because the Council acquired 4 vans in FY 2005 whereas it only acquired 3 vans in FY 2004. The cost of a van runs about \$33,500 to \$36,000. Also, the Council had to replace 2 air condition units at its meal sites and the combined total cost of the two units was about \$4,400. The Council also bought a new computer that cost \$1,365.

MANGEMENT'S DISCUSSION AND ANALYSIS
St. Charles Council on Aging, Inc.
(Continued)

AN ANALYSIS OF THE GENERAL FUND BUDGET

The Council did not amend its budget for FY 2005 because during the year management monitored budget versus actual expenditures each month and the Council was ahead of budget expectations throughout the year. Should an amendment be necessary, the primary reasons for taking this action would be to account for unanticipated, significant changes (particularly unfavorable) in both revenues and expenditures and to prevent compliance violations under the Council's grants from GOEA.

A schedule of the original budget with comparative results to the actual revenues and expenditures for the General Fund can be found in the Supplementary Financial Information Required by GASB Statement 34 section of this report on page 53.

When comparing the final budget versus actual amounts, note that the Council had a net favorable variance of \$78,578. This net favorable variance can be summed up as follows:

- Transfers to other programs were budgeted in the aggregate to be \$719,040 whereas actual needs only required \$673,863 of transfers from the General Fund, resulting in a favorable variance of \$45,177.
- Actual investment income was \$14,832 more than budgeted because the interest rates increased in FY 2005 versus what they were in FY 2004.
- Actual property tax revenues were \$29,693 more than budgeted.
- Overall expenditures were \$12,526 more than budgeted.

These four items comprise \$77,176 of the Council's total favorable variance of \$78,578 or 98.2%. The remaining favorable and unfavorable variances within the General Fund are well within the expectations of management and require no further explanation.

MANGEMENT'S DISCUSSION AND ANALYSIS
St. Charles Council on Aging, Inc.
(Continued)

AN ANALYSIS OF CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of the year, the Council had \$201,742 in capital assets net of accumulated depreciation. This amount is a net increase over last year of \$86,291.

	Capital Assets, Net of Depreciation		
	2005	2004	Increase (Decrease)
Vehicles	\$ 172,366	\$ 83,154	\$ 89,212
Computer Equipment	14,001	14,379	(378)
Leasehold Improvements	15,375	17,918	(2,543)
	<u>\$ 201,742</u>	<u>\$ 115,451</u>	<u>\$ 86,291</u>

During FY 2004 capital additions were \$145,769, which consisted of 4 vans (\$140,040), 2 air conditioner replacements (\$4,364) and one computer (\$1,365). Three fully depreciated vehicles were sold during FY 2005. Also, during the year the Council disposed of an air conditioner.

At year-end the Council owned 11 vans and has plans to acquire 1 more in FY 2006.

The Council has no long-term debt related to its capital assets and does not like to incur any as a matter of financial stewardship.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Council receives the large majority of its annual funding from federal and state agencies and from property taxes. At the time management prepared the initial FY 2006 budget for the Council, it did not expect any significant increases or decreases associated with either one of these primary revenue sources. However, hurricanes Katrina and Rita inflicted damage to St. Charles Parish after year-end and disrupted the Council's operations for a few weeks. Presently, management is focused on resuming normal operations and providing services to the elderly. Management is unable to predict how the hurricanes might affect the Council's operations for the remainder of FY 2006 and in future years. The State of Louisiana is making budget cuts that are expected to impact the grants the Council receives from GOEA. Until management knows more specific information, it plans to follow its FY 2006 budget until actions by other governments cause the Council to deviate from its initial budget and planned services.

MANGEMENT'S DISCUSSION AND ANALYSIS
St. Charles Council on Aging, Inc.
(Continued)

Management has initially budgeted \$1,324,887 of revenues and expenditures for the Council's programs in FY 2006. Also, the Governor's Office of Elderly Affairs (GOEA) has approved the Council's budget for fiscal year 2006.

There are no plans to add or terminate any programs in FY 2006.

The Council also plans to acquire 1 new van under the FTA capital assistance program for the elderly and disabled during FY 2006. The Council has already provided the matching funds of \$8,526 to acquire van, which will cost \$42,642. The federal government will match the difference in these amounts. The Council participates in this type of program as funds become available through the federal government in an effort to maintain enough vehicles to meet the transportation demands in the parish and to replace older vans that have become too costly to repair.

CONTACTING THE COUNCIL'S MANAGEMENT

Our financial report is designed to provide government agencies and the general public an overview of the Council's finances and to demonstrate accountability for the money that it receives. If you have any questions about this report or wish to ask for more information, you should contact Margaret Powe, Executive Director at 626 Pine Street, Suite A, Hahnville, Louisiana, 70057 or by phone at (985) 783-6683.



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
St. Charles Council on Aging, Inc.
Hahnville, Louisiana

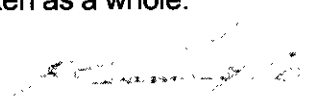
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Charles Parish Council on Aging, Inc., Hahnville, Louisiana, as of and for the year ended June 30, 2005, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council as of June 30, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2005, on our consideration of the St. Charles Council on Aging, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the St. Charles Council on Aging, Inc.'s basic financial statements. The management's discussion and analysis and budgetary comparison information listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. The accompanying Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Governmental Funds and the Comparative Schedule of Capital Assets and Changes in Capital Assets are presented for purposes of additional analysis as required by the Governor's Office of Elderly Affairs and are not a required part of the financial statements. All of this accompanying supplemental information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.



Thibodaux, Louisiana
December 6, 2005

Government-Wide Financial Statements

GOVERNMENT WIDE STATEMENT OF NET ASSETS

St. Charles Council on Aging, Inc. Hahnville, Louisiana

June 30, 2005

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and short-term investments	\$ 684,932
Receivables:	
Ad valorem taxes	23,548
Grants and contracts receivable	12,838
Miscellaneous receivables	1,380
Prepaid van deposit	8,526
Prepaid expenses	<u>10,205</u>
Total current assets	741,429
Long-term investments	188,099
Capital assets, net of accumulated depreciation	<u>201,742</u>
 Total Assets	 <u>\$ 1,131,270</u>
LIABILITIES	
Current liabilities:	
Accounts payable to various vendors	\$ 49,115
Payroll liabilities	1,516
Accrued compensated absences	<u>7,059</u>
 Total Current Liabilities	 <u>57,690</u>
NET ASSETS	
Invested in Capital Assets	201,742
Restricted for:	
Utility assistance	1,311
Home repairs	200
Unrestricted	<u>870,327</u>
 Total Net Assets	 <u>\$ 1,073,580</u>

The accompanying notes are an integral part of the basic financial statements.

GOVERNMENT WIDE STATEMENT OF ACTIVITIES

St. Charles Council on Aging, Inc.
Hahnville, Louisiana

For the year ended June 30, 2005

Functions/Programs	Program Revenues					Net (Expense) Revenue and Increase (Decrease) In Net Assets
	Direct Expenses	Indirect Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities						
Health, Welfare & Social Services:						
Supportive Services:						
Homemaker	\$ 28,784	\$ 0	\$ 0	\$ 1,730	\$ 0	\$ (27,054)
Information and assistance	21,399	15,766	0	2,579	0	(34,586)
Legal	1,800	0	0	1,669	0	(131)
Outreach	1,581	1,165	0	238	0	(2,508)
Personal care	79,938	0	0	42,594	0	(37,344)
Medical alert	1,293	932	0	108	0	(2,117)
Material aid	783	564	0	175	0	(1,172)
Recreation	56,441	40,664	0	4,788	0	(92,317)
Home repairs	3,067	0	0	3,067	0	0
Utility assistance	10,068	0	0	5,854	0	(4,214)
Transportation of the elderly	245,187	150,424	0	39,489	112,037	(244,085)
Nutrition Services:						
Congregate meals	65,815	17,452	0	38,450	0	(44,817)
Home delivered meals	157,264	48,246	0	99,399	0	(106,111)
Family Caregiver Support:						
In-Home respite	10,173	0	0	10,173	0	0
Information and assistance	155	0	0	155	0	0
Sitter service	1,023	0	0	1,023	0	0
Personal care	1,080	0	0	1,080	0	0
Disease prevention and health promotion	8,132	0	0	2,165	0	(5,967)
Senior citizen center operations	31,688	0	0	0	0	(31,688)
Transportation of the general public	8,349	6,168	0	10,413	0	(4,104)
Administration	317,885	(281,381)	0	19,957	0	(16,547)
Total governmental activities	\$ 1,051,905	\$ 0	\$ 0	\$ 285,106	\$ 112,037	\$ (654,762)
General Revenues:						
Property taxes, net of intergovernmental expenses withheld				\$ 700,669		
Grants and contributions not restricted to specific programs				52,796		
Unrestricted investment income				19,832		
Miscellaneous				6		
Total general revenues						773,303
Special item - gain on sale of vehicles						1,980
Total general revenues and special items						775,283
Increase (Decrease) in net assets						120,521
Net assets - beginning of the year						953,059
Net assets - end of the year						\$ 1,073,580

The accompanying notes are an integral part of the basic financial statements.

Fund Financial Statements

FUND BALANCE SHEET

GOVERNMENTAL FUNDS

St. Charles Council on Aging, Inc.
Hahnville, Louisiana

June 30, 2005

	General Fund	Title III B	Title III C Admin.	Title III C-2	Non-Major Funds	Totals
Assets						
Cash and investments	\$ 822,831	\$ 20,286	\$ 9,774	\$ 9,506	\$ 10,635	\$ 873,032
Ad valorem tax receivable	23,548	0	0	0	0	23,548
Grants and contracts receivable	3,926	6,048	0	0	2,865	12,839
Miscellaneous receivables	1,380	0	0	0	0	1,380
Due from Title III B	6,048	0	0	0	0	6,048
Due from Non-Major funds	2,865	0	0	0	0	2,865
Prepaid van deposit	8,526	0	0	0	0	8,526
Prepaid expenditures	10,205	0	0	0	0	10,205
Total Assets	\$ 879,329	\$ 26,334	\$ 9,774	\$ 9,506	\$ 13,500	\$ 938,443
Liabilities and Fund Balances						
Liabilities:						
Accounts payable to various vendors	\$ 226	\$ 20,286	\$ 9,774	\$ 9,506	\$ 9,325	\$ 49,117
Payroll liabilities	1,516	0	0	0	0	1,516
Deferred revenue - ad valorem tax	996	0	0	0	0	996
Due to general fund	0	6,048	0	0	2,865	8,913
Total Liabilities	\$ 2,738	\$ 26,334	\$ 9,774	\$ 9,506	\$ 12,190	\$ 60,542
Fund Balances:						
Reserved for:						
Prepaid van deposit	\$ 8,526	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,526
Prepaid expenditures	10,205	0	0	0	0	10,205
Unreserved/Undesignated:						
General Fund	857,860	0	0	0	0	857,860
Special Revenue Fund	0	0	0	0	1,310	1,310
Total Fund Balances	\$ 876,591	\$ 0	\$ 0	\$ 0	\$ 1,310	\$ 877,901
Total Liabilities and Fund Balances	\$ 879,329	\$ 26,334	\$ 9,774	\$ 9,506	\$ 13,500	

Amounts reported for governmental activities in the statement of net assets are different because:

- Compensated absences are not paid for out of current financial resources and therefore are not reported as liabilities in the governmental funds	(7,059)
- Ad valorem taxes that are expected to be collected but not deemed to be "available" at year end are recorded as deferred revenue on the fund financial statement, but are recorded as revenue on the statement of activities	996
- Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds	201,742

Net Assets of Governmental Activities

\$ 1,073,580

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

**St. Charles Council on Aging, Inc.
Hahnville, LA**

For the Year Ended June 30, 2005

	<u>General Fund</u>	<u>Title III B</u>	<u>Title III C Admin.</u>	<u>Title III C-2</u>	<u>Non-Major Funds</u>	<u>Totals</u>
REVENUES						
Ad Valorem Taxes	\$ 734,393	\$ 0	\$ 0	\$ 0	\$ 0	\$ 734,393
Intergovernmental						
Governor's Office of Elderly Affairs	21,048	51,840	13,625	49,771	101,820	238,104
Louisiana DOTD	0	0	0	0	112,037	112,037
Public Support						
Various Utility Companies	0	0	0	0	5,854	5,854
Client Contributions	0	2,435	0	17,756	10,785	30,976
United Way - Restricted	18,479	39,096	0	3,256	0	60,831
United Way - Unrestricted	1,533	0	0	0	0	1,533
General Public	594	0	0	0	0	594
Program service fees	0	0	0	0	10	10
Investment Income	19,832	0	0	0	0	19,832
Miscellaneous	6	0	0	0	0	6
Total Revenues	\$ 795,885	\$ 93,371	\$ 13,625	\$ 70,783	\$ 230,506	\$ 1,204,170
EXPENDITURES						
Health, Welfare, & Social Services						
Current:						
Personnel	\$ 7,376	\$ 267,339	\$ 9,587	\$ 62,537	\$ 27,149	\$ 373,988
Fringe	1,098	41,892	1,684	9,316	4,264	58,254
Travel	90	2,849	116	461	37	3,553
Operating Services	4,272	124,289	5,500	26,088	32,468	192,617
Operating Supplies	1,508	54,021	1,488	11,862	5,117	73,996
Other Costs	3,956	2,715	250	3,286	10,916	21,123
Full Service Contracts	0	112,598	0	0	20,408	133,006
Meals	0	0	0	83,827	42,193	126,020
Utility Assistance	0	0	0	0	10,068	10,068
Capital Outlay	33,732	0	0	0	112,037	145,769
Intergovernmental	34,720	0	0	0	0	34,720
Total Expenditures	\$ 86,752	\$ 605,703	\$ 18,625	\$ 197,377	\$ 264,657	\$ 1,173,114
Excess (deficiency) of revenues over expenditures	\$ 709,133	\$ (512,332)	\$ (5,000)	\$ (126,594)	\$ (34,151)	\$ 31,056
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 0	\$ 512,332	\$ 5,000	\$ 126,594	\$ 62,378	\$ 706,304
Transfers out	(673,863)	0	0	0	(32,441)	(706,304)
Proceeds from the sale of vehicles	1,980	0	0	0	0	1,980
Total other financing sources and uses	\$ (671,883)	\$ 512,332	\$ 5,000	\$ 126,594	\$ 29,937	\$ 1,980
Net Increase (Decrease) in fund balances	\$ 37,250	\$ 0	\$ 0	\$ 0	\$ (4,214)	\$ 33,036
FUND BALANCES						
Beginning of the year	839,341	0	0	0	5,524	844,865
End of the year	\$ 876,591	\$ 0	\$ 0	\$ 0	\$ 1,310	\$ 877,901

The accompanying notes are an integral part of the basic financial statements.

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental
Funds to the Statement of Activities**

**St. Charles Council on Aging, Inc.
Hahnville, LA**

Year Ended June 30, 2005

Net Increase (Decrease) in fund balances - total governmental funds	\$ 33,036
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This reconciling amount is the amount by which capital outlays (\$145,769) exceed depreciation (\$58,114) in the current period.

87,655

In regards to property taxes, Governmental funds report revenue when they are measurable and available. The amount of revenue that does not meet the availability criterion should be deferred in the governmental funds. However, the full amount of the property tax assessment is accrued when the taxes are levied for the Government-Wide Statements.

996

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in compensated absences payable

199

Governmental funds report the gross amount received for sales of assets as other financing sources. However, in the statement of activities only the gain or loss on sales of assets are reported as revenue or expenses.

During the year, 3 vans were sold. The gross sales amounts (\$1,980) were equal to the gain on sales of assets (\$1,980). Therefore, no reconciling amount is needed.

0

Also during the year, an asset was disposed of that was not fully depreciated. Therefore, a loss has to be recorded on the government-wide statements for the book value of the asset at the time of disposition.

(1,365)

Increase (Decrease) of net assets of governmental activities	<u>\$ 120,521</u>
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The accompanying notes are an integral part of the basic financial statements.

NOTES TO FINANCIAL STATEMENTS

St. Charles Parish Council on Aging, Inc.
Hahnville, Louisiana

June 30, 2005

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies

The accounting and reporting policies of the St. Charles Parish Council on Aging, Inc. (the Council) conform to the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. The following is a summary of certain significant accounting policies used by the Council:

a. Purpose of the Council on Aging:

The purpose of the Council is to collect facts and statistics and make special studies of conditions pertaining to the employment, financial status, recreation, social adjustment, mental and physical health or other conditions affecting the welfare of the aging people in St. Charles Parish; to keep abreast of the latest developments in these fields of activity throughout Louisiana and the United States; to interpret its findings to the citizens of the parish; to provide for a mutual exchange of ideas and information on the parish and state level; to conduct public meetings to make recommendations for needed improvements and additional resources; to promote the welfare of aging people when requested to do so; to coordinate and monitor services of other local agencies serving the aging people of the parish; and to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA), and other departments of state and local government serving the elderly; and to make recommendations relevant to the planning and delivery of services to the elderly of the parish.

Specific services provided by the Council to the elderly residents of St. Charles Parish include providing congregate and home delivered meals, nutritional education, medical alert, personal care, information and assistance, outreach, material aid, utility assistance, homemakers, recreation, home repairs, legal assistance, in-home respite, sitter service, wellness, medication management, operating senior centers, and transportation.

Note 1 - Summary of Significant Accounting Policies - (continued)

b. Reporting Entity:

In 1964, the State of Louisiana passed Act 456 authorizing the charter of a voluntary council on aging for the welfare of the aging people in each parish of Louisiana. In 1979, the Louisiana Legislature created the Governor's Office of Elderly Affairs (GOEA) (La. R.S. 46:931) with the specific intention to administer and coordinate social services and programs for the elderly population of Louisiana through sixty-four parish voluntary councils on aging.

Before the council on aging can begin operations in a specific parish, its application for a charter must receive approval from the Governor's Office of Elderly Affairs pursuant to Louisiana Revised Statute (La. R.S.) 46:1602. Each council on aging in Louisiana must comply with the state laws that apply to quasi-public agencies as well as the policies and regulations established by GOEA.

The St. Charles Council on Aging is a non-profit, quasi-public corporation. A board of directors, consisting of 13 voluntary members, who serve three-year terms, governs the council. The board of directors is comprised of representatives of St. Charles Parish's general public. Board members are elected by the general membership of the Council.

Membership in the Council is open at all times, without restriction, to all residents of St. Charles Parish who have reached the age of majority and who express an interest in the Council and wish to contribute to or share in its programs. Membership fees are not charged.

Based on the criteria set forth in GASB Statement 14, the St. Charles Council on Aging is not a component unit of another primary government nor does it have any component units that are related to it. In addition, based on the criteria set forth in GASB Codification Section 2100, the Council has presented its financial statements as a stand-alone government; accordingly, it is applying the provisions of Statement 14 as if it were a primary government.

c. Basis of Presentation of the Basic Financial Statements:

The Council's basic financial statements consist of "government-wide" financial statements on all activities of the Council, which are designed to report the Council as a whole entity, and "fund" financial statements, which purpose are to report individual major governmental funds and combined non-major governmental funds.

Both the government-wide and fund financial statements categorize primary activities as either "governmental" or "business" type. The Council's functions and programs have all been categorized as "governmental" activities. The Council does not have any business-type activities, fiduciary funds, or any component units that are fiduciary in nature. Accordingly, the government-wide financial statements do not include any of these activities or funds.

Note 1 - Summary of Significant Accounting Policies - (continued)

c. Basis of Presentation of the Basic Financial Statements: - (continued)

Government-Wide Statements

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the Council. As a general rule, the effect of interfund activity has been eliminated from these statements. The government-wide presentation focuses primarily on the sustainability of the council as an entity and the change in its net assets (financial position) resulting from the activities of the current fiscal year. Governmental activities generally are supported by intergovernmental revenues.

In the government-wide Statement of Net Assets only one column of numbers has been presented. The amounts are presented on a consolidated basis and represent only governmental type activities.

The Statement of Net Assets has been prepared on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Invested in capital assets, net of related debt consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. Restricted net assets consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Unrestricted net assets include all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The government-wide Statement of Activities reports both the gross and net cost of each of the Council's functions and significant programs. Many functions and programs are supported by general government revenues like intergovernmental revenues, property taxes, and unrestricted public support, particularly if the function or program has a net cost. The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation, and then reduces the expenses by related program revenues, such as charges for services, operating and capital grants and contributions, to derive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

Direct expenses reported in the Statement of Activities are those that are clearly identifiable with a specific function or program, whereas, the Council allocates its indirect costs among various functions and programs in accordance with OMB

Note 1 - Summary of Significant Accounting Policies - (continued)

c. Basis of Presentation of the Basic Financial Statements: - (continued)

Circular A-87. The Statement of Activities shows this allocation in a separate column labeled "indirect expenses." GOEA and United Way provide administrative grant funds to help the Council pay for a portion of its indirect costs. As a result, only the indirect costs in excess of the administrative grant funds are allocated to the Council's other functions and programs. However, depreciation expense on administrative capital assets of \$8,963 has not been allocated to the various functions and programs in a manner similar to how the other indirect costs were allocated. Instead, this component of depreciation expense has remained as an expense on the Administrative function's line in the Statement of Activities and flows through to the total column as a component of the net expense of that function.

In the Statement of Activities, charges for services represent program revenues obtained by the Council when it renders services that are provided by a specific function or program to people or other entities and charges them a fee. The Council did not charge any person or entity a fee for services they received this year. Contributions, property taxes, grants, interest income, and miscellaneous revenues that are not properly included among program revenues are reported instead as general revenues in this statement. Special items, if any, are significant transactions within the control of management that are either unusual in nature or infrequent in occurrence and are separately reported below general revenues.

Fund Financial Statements:

The fund financial statements present financial information that is very similar to that which was included in the general-purpose financial statements issued by governmental entities before Statement No. 34 required the format change.

The daily accounts of the Council continue to be organized using funds and account groups. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classification within the financial statements.

The Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the

Note 1 - Summary of Significant Accounting Policies - (continued)

c. Basis of Presentation of the Basic Financial Statements: - (continued)

primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type. The non-major funds are summarized by category or fund type into a single column in the fund financial statements.

Governmental fund equity is called the fund balance. Fund balance is further classified as reserved and unreserved, with unreserved being further split into designated and undesignated. Reserved means that the fund balance is not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets that makes them only available to meet future obligations. Designated fund balances result when management tentatively sets aside or earmarks certain resources to expend in a designated manner. In contrast to reserved fund balances, designated amounts can be changed at the discretion of management.

The following is a description of the governmental funds of the Council:

- **The General Fund** is the general operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. A large percentage of the Council's special revenue funds are Title III funds. These funds are provided by the United States Department of Health and Human Services - Administration on Aging to the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council.

Programs of the Council's General Fund:

Local

Revenues such as: donations from the general public, allocations from the United Way, proceeds from a property tax assessment by St. Charles Parish, interest income earned on unrestricted fund balances, and net proceeds from the sale of fixed assets, have been recorded in the local program of the General Fund. These funds are not legally restricted to any special use and may be used at the Council's discretion.

Note 1 - Summary of Significant Accounting Policies - (continued)

c. Basis of Presentation of the Basic Financial Statements: - (continued)

Expenditures that are not chargeable to specific programs because of budget limitations, or because of their nature, are recorded as local program expenditures.

Local funds are also used as transfers to other programs in cases where expenditures exceed revenues. In addition, capital outlay expenditures are usually paid for with local funds.

PCOA

PCOA funds are appropriated for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs (GOEA). The Council may use these "Act 735" funds at its discretion provided the program is benefiting people who are at least 60 years old. In fiscal year 2005, the Council transferred the PCOA funds to the Title III B fund to provide additional funds to pay for program expenditures.

Local Transportation

The Local Transportation program of the General Fund accounts for revenues earned from providing local transportation services and the expenditures incurred to produce those revenues. The transportation services provided in this program differ from those provided in the Title III B program in that recipients of these services do not have to be at least 60 years old, which is required of Title III B participants.

Safe Harbor

The Safe Harbor program was started by the council in fiscal year 1998. It is a program funded by the local United Way. The purpose is to provide funding to pay for repairs to homes occupied by elderly people who do not have the financial and manpower resources to make repairs to their homes. Presently, the Council is paying for the materials to make these repairs and coordinating volunteers to perform the repair work. The Council has set a \$2,000 per household limit for how much it will pay towards each repair. Special exceptions can be made for amounts above \$2,000. During the year, the Council helped 5 people at a total direct cost of \$3,067. Administrative costs to run the Safe Harbor program for the year were \$5,000.

Note 1 - Summary of Significant Accounting Policies - (continued)

c. Basis of Presentation of the Basic Financial Statements: - (continued)

Major Special Revenue Funds:

Title III-B Fund

The Title III B Fund is used to account for funds, which are used to provide various units of supportive social services to the elderly. GOEA has established the criteria for defining a qualifying unit of service for each Title III program. Specific supportive social services, along with the number of units provided during the fiscal year, are as follows:

	<u>Units</u>
Information and Assistance	882.00
Outreach	29.00
Recreation	17,322.00
Transportation for people age 60 or older	17,171.00
Material Aid	4,025.00
Medical Alert	60.00
Personal Care	5,946.00
Homemaker	2,134.00
Legal Assistance	36.00
Home Repairs	116.00
Utility Assistance	98.00
Assisted Transportation	60.00

Title III C Area Agency Administration (AAA) Fund

The Title III C Area Agency Administration Fund is used to account for some of the indirect costs of administrating the Council's programs. Each fiscal year GOEA provides the Council with funds to help pay for the costs of administering the Council's special programs for the aging. The amount of funding is not enough to pay for all the indirect costs. As a result, the Council will allocate its indirect costs to this fund first. Once the GOEA funds are completely used, any indirect costs, in excess of the funds provided by GOEA, are distributed to other funds using a formula based on the percentage each program's direct costs bears to direct costs for all programs. Indirect costs are not allocated to all funds because program restrictions may prohibit or limit the payment of administrative type costs.

Note 1 - Summary of Significant Accounting Policies - (continued)

c. Basis of Presentation of the Basic Financial Statements: - (continued)

Title III C-2 Fund

The Title III C-2 Fund is used to account for funds that are used to provide nutritional meals to homebound people who are age 60 or older. Using Title III C-2 funds the Council provided 34,116 meals and 13 units of nutrition education during the year.

Non-Major Special Revenue Funds:

Audit Fund

The Audit Fund is used to account for funds provided by GOEA to the Council that are restricted to use as a supplement to pay for the cost of having an annual audit of the Council's financial statements. The total cost of the audit (\$8,400) is allocated to this fund and matched against the GOEA subsidy (\$1,332). The remaining amount needed to cover the cost of the audit (\$7,068) was transferred in from the Local program.

Title III C-1 Fund

The Title III C-1 Fund is used to account for funds that are used to provide nutritional, congregate meals to people age 60 or older in strategically located centers throughout St. Charles Parish. The Council maintains meal sites in Hahnville, Luling, New Sarpy, and Norco. During the year, the Council provided 16,340 meals and 13 units of nutrition education to people eligible to participate in this program.

Title III D Fund

The Title III D Fund is used to account for funds for wellness, which include disease prevention and health promotion activities. During the year, 2,904 units of wellness services and 204 units of medication management to eligible participants in this program.

Note 1 - Summary of Significant Accounting Policies - (continued)

c. Basis of Presentation of the Basic Financial Statements: - (continued)

Title III E Fund

The Title III E Fund is used to account for funds relating to the National Family Caregiver Support program. The National Family Caregiver Support program is designed to provide multifaceted systems of support services for family caregivers and for grandparents or older individuals who are relative caregivers. This program targets older, low-income individuals. Specific types of services provided by this program include: in-home respite, material aid, sitter service, information and assistance, and personal care. Eligible participants include (1) adult family members, or another adult person, who provides uncompensated in-home and community care to an older person who needs supportive services or (2) grandparents, or a person 60 years of age or older, who is related to a child by blood or marriage and (1) lives with the child, (2) is the primary caregiver, and (3) has a legal relationship to the child or is raising the child informally. During the year, the Council provided 765 units of in-home respite, 58 units of material aid, 78 units of sitter service, 17 units of information and assistance, and 80 units of personal care under this program.

Senior Center Fund

The Senior Center Fund is used to account for the administration of Senior Center program funds appropriated by the Louisiana Legislature to GOEA, which in turn "passes through" the funds to the Council. The purpose of this program is to provide a community service center at which elderly people can receive supportive social services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The senior centers for St. Charles Parish are located in Hahnville, Luling, New Sarpy, and Norco.

Supplemental Senior Center Fund

The Louisiana Legislature appropriated additional money for various councils on aging throughout the state to be used to supplement the primary state grant for senior center operations and activities. The St. Charles Parish Council on Aging was one of the parish councils to receive a supplemental grant of \$3,825. GOEA provided these funds to the Council. The money received by this fund during the year was transferred to the senior center fund to supplement this program.

Note 1 - Summary of Significant Accounting Policies - (continued)

c. Basis of Presentation of the Basic Financial Statements: - (continued)

N.S.I.P. Fund

The N.S.I.P. Fund is used to account for the administration of Nutrition Services Incentive Program funds provided by the Administration on Aging, U.S. Department of Health and Human Services, to GOEA, which in turn "passes through the funds to the Council. GOEA distributes NSIP funds to each parish council on aging in Louisiana based on how many meals each council on aging served in the previous year in relation to the total meals served statewide by all councils. Using this formula, the Council receives from GOEA approximately 58 cents per congregate and home-delivered meals under nutrition service programs. The food that is purchased for these purposes must be of United States origin or be commodities from the United States Department of Agriculture.

FTA Fund

The FTA Fund is used to account for the acquisition of vehicles purchased in part with federal funds under the Federal Transit Administration's (FTA) elderly and disabled persons transportation capital assistance program. The Louisiana Department of Transportation and Development (DOTD) coordinates the receipt and disbursement of the FTA funds and the required matching funds from the Council. The Council acquired four vans this year under the FTA program.

Utility Assistance Fund

The Utility Assistance Fund is used to account for the administration of utility assistance programs that are sponsored by local utility companies. The companies collect contributions from service customers and remit the funds to the parish councils on the aging throughout the state to provide assistance to the elderly for the payment of utility bills. The contributions can only be used to pay for direct services. No indirect or administration expenses can be paid for with these funds.

d. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-Wide Financial Statements - Accrual Basis:

The Statement of Net Assets and the Statement of Activities display information about the Council as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are

Note 1 - Summary of Significant Accounting Policies - (continued)

d. Measurement Focus and Basis of Accounting: - (continued)

recorded when a liability is incurred, regardless of the timing of related cash flows.

Fund Financial Statements - Modified Accrual Basis:

Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. A current financial resources measurement focus means that only current assets and current liabilities are generally included on the fund balance sheet. The operating statements of the funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Council considers all revenues "available" if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources. Depreciation is a cost that is not recognized in the governmental funds.

e. Interfund Activity:

In the fund financial statements, interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables (due from) and payables (due to) as appropriate. Transfers represent a permanent reallocation of resources between funds. In other words, they are not expected to be repaid.

Transfers and loans between funds are netted against one another as part of the reconciliation of the change in fund balances in the fund financial statements to the change in net assets in the government-wide financial statements.

f. Cash:

Cash includes not only currency on hand, but demand deposits with banks or other financial institutions.

For the purposes of the Statement of Net Assets, restricted cash are amounts received or earned by the Council with an explicit understanding between the

Note 1 - Summary of Significant Accounting Policies - (continued)

f. Cash: - (continued)

Council and the resource provider that the resource would be used for a specific purpose.

g. Investments:

Investments in certificates of deposit are reported at cost because they are "nonparticipating" interest-earning investment contracts as discussed in GASB 31. The term "nonparticipating" means that the investment value does not vary with market interest rate changes. Investments which include securities traded on a national or international exchange are valued based on their last reported sales price (fair value). Investments that do not have an established market are reported at estimated fair value.

The Council also invests funds in the Louisiana Asset Management Pool (LAMP). LAMP is a local government 2a7-like investment pool established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment. For financial statement purposes, LAMP investments are valued and reported at fair value. A 2a7-like pool is an external investment pool that is not registered with the Securities and Exchange commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operated in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940.

h. Receivables:

The financial statements of the Council contain an allowance for uncollectible ad valorem tax receivable because management believes that all of the ad valorem taxes receivable will not be collected. This allowance has been netted against (and therefore lowered) the ad valorem taxes receivable amount on the Balance Sheet and the Statement of Net Assets.

Management believes that the rest of its receivables will be collected and did not calculate an allowance for uncollectible receivables for them. However, if management becomes aware of information that would change its assessment about the collectibility of these other receivables, management would write off the receivables as bad debts at that time.

i. Prepaid Expenses/Expenditures:

Prepaid expenses include amounts paid in advance for goods and services. These are shown as either current or other assets on the government-wide Statement of Net Assets, depending on when management expects to realize their benefits.

Note 1 - Summary of Significant Accounting Policies - (continued)

i. Prepaid Expenses/Expenditures: - (continued)

In the fund financial statements, the Council has elected not to include amounts paid for future services as expenditures until those services are consumed. This method of accounting for prepaid expenditures helps assure the Council's management that costs incurred will be reported in accordance with the Council's cost reimbursement grants. These types of grants do not permit the Council to obtain reimbursement for qualified expenditures until the goods and services relating to them are consumed. As a result, the prepaid expenditures are shown as assets on the balance sheet of the fund financial statements until they are consumed. In addition, a corresponding amount of the fund balance of the General Fund has been reserved to reflect the amount of fund balance not currently available for expenditure.

j. Capital Assets:

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets that have been purchased or acquired with an original cost of at least \$1,000 and that have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the government-wide Statement of Net Assets. In contrast, in the Fund Financial Statements, capital assets are recorded as expenditures of the fund that provided the resources to acquire the asset. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation.

For capital assets recorded in the government-wide financial statements, depreciation is computed and recorded using the straight-line method for the asset's estimated useful life. The Council follows a guideline issued by the State of Louisiana's Office of Statewide Reporting and Accounting to establish the useful lives of the various types of capital assets that are depreciated and the method used to calculate annual depreciation. Using this guideline, the estimated useful lives of the various classes of depreciable capital assets are as follows:

Leasehold Improvements	20 years
Vehicles	5 years
Computer equipment	5 years

When calculating depreciation, the State's guideline assumes that capital assets will not have any salvage value and that a full year's worth of depreciation will be taken in the year the capital assets are placed in service or disposed.

In the fund financial statements, capital assets used in the Council's operations are accounted for as capital outlay expenditures of the governmental fund that

Note 1 - Summary of Significant Accounting Policies - (continued)

j. Capital Assets: - (continued)

provided the resources to acquire the assets. Depreciation is not computed or recorded on capital assets for purposes of the fund financial statements.

k. Unpaid Compensated Absences:

The Council's policies for vacation time permit employees to accumulate earned but unused vacation leave. Accordingly, a liability for the unpaid vacation leave has been recorded in the government-wide statements. Management has estimated the current and long-term portions of this liability based on the Council's policy as it relates to accruing (earning) and using vacation leave. Accordingly, all amounts earned and unused as of year-end are considered a current liability for purposes of the Statement of Net Assets.

The amount accrued as the compensated absence liability was determined using the number of vested vacation hours for each employee multiplied by the employee's wage rate in effect at the end of the year. An amount is added to this total for social security and medicare taxes.

In contrast, the governmental funds in the fund financial statements report only compensated absence liabilities that are payable from expendable available financial resources to the extent that the liabilities mature (or come due for payment). Vacation leave does not come due for payment until an employee makes a request to use it or terminates employment with the Council. Accordingly, payments for vacation leave will be recorded as fund expenditures in the various governmental funds in the year in which they are paid or become due on demand to terminated employees. As a result, no amounts have been accrued as fund liabilities as of year-end in the fund financial statements. The differences in the methods of accruing compensated absences creates a reconciling item between the fund and government-wide financial statement presentations.

The Council's sick leave policy does not provide for the vesting of sick leave thereby requiring the employee to be paid for any unused leave upon termination of employment. Accordingly, no amounts have been accrued as unpaid compensated absences in the Government-Wide Financial Statements relative to sick leave.

l. Unearned Grant Revenue:

Unexpended balances of grants awarded to the Council are required to be returned to the funding agency at the end of the grant period. Grant funds due back to the funding agency are recorded as a liability when the amount due becomes known, normally when a final accounting is submitted to the funding agency.

Note 1 - Summary of Significant Accounting Policies - (continued)

m. Deferred Revenue:

Deferred revenues arise when grant monies are received before the occurrence of qualifying expenditures. The Council reports deferred grant revenues on both the Statement of Net Assets (government-wide) and the Balance Sheet of the fund financial statements. In subsequent periods, when the Council has a legal claim to the resources, the liability for deferred revenue is removed from Statement of Net Assets and the Balance Sheet, whichever the case might be, and the revenue is recognized. There were no deferred grant revenues at year-end.

Deferred property tax revenue arise when property taxes are expected to be received but not within 60 days after the end of the Council's fiscal year in which the taxes are levied. Deferred property tax revenues are reported on the Balance Sheet of the fund financial statements, but not on the Statement of Net Assets using the full accrual basis of accounting. In subsequent periods when the deferred property tax revenues are collected, the deferral is removed from the Balance Sheet of the fund financial statements and revenues are recognized.

n. Net Assets in the Government-wide Financial Statements:

In the government-wide Statement of Net Assets, the Net Asset amount is classified and displayed in three components:

- Invested in capital assets – This component consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. At year-end, the Council did not have any borrowings that were related to capital assets.
- Restricted net assets – This component consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets – This component consists of all other net assets that do not meet the definition of "restricted" or "invested in capital assets."

When both restricted and unrestricted resources are available for use in a specific program or for a specific purpose, it is the Council's policy to use restricted resources first to finance its activities, except for nutrition services. When providing nutrition services, revenues earned by the Council under its NSIP contract with GOEA can only be used to pay for the raw food component of each meal that is bought and served to a person eligible to receive a meal under one of the nutrition programs. The Council's

Note 1 - Summary of Significant Accounting Policies - (continued)

n. Net Assets in the Government-wide Financial Statements: - (continued)

management has discretion as to how and when to use the NSIP revenues when paying for nutrition program costs. Quite often, unrestricted resources are available for use that must be consumed or they will have to be returned to the grantor agency. In such cases, it is better for management to elect to apply and consume the unrestricted resources before using the restricted resources. As a result, in this case, the Council will depart from its usual policy of using restricted resources first.

o. Fund Equity – Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance may be further classified as reserved and unreserved, with unreserved further split into designated and undesignated. Reserved means that the Council has “reserved” portions of its fund balance that are not available for expenditure because resources have already been expended (but not consumed), or legal restriction has been placed on certain assets which make them only available to meet future obligations.

Designated fund balances result when the Council’s management intends to expend certain resources in a designated manner. Designations of fund balances can be changed at the discretion of the Council’s Board of Directors. There were no designated fund balances at year-end.

p. Management's Use of Estimates:

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

q. Allocation of Indirect Expenses:

The Council reports all direct expenses by function and programs of functions in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function or program. Indirect expenses are recorded as direct expenses of the Administration function. GOEA provides funds to partially subsidize the Council’s Administration function. The unsubsidized net cost of the Administration function is allocated using a formula that is based primarily on the relationship the direct cost a program bears to the direct cost of all programs. There are some programs that cannot absorb any indirect cost allocation according to their grant or contract limitations.

Note 1 - Summary of Significant Accounting Policies - (continued)

r. Elimination and Reclassifications:

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Note 2 - Revenue Recognition

Revenues are recorded in the government-wide statements when they are earned under the accrual basis of accounting.

Revenues are recorded in the fund financial statements using the modified accrual basis of accounting. In applying the susceptible to accrual concept using this basis of accounting, intergovernmental grant revenues, program service fees (charges for services), and interest income are usually both measurable and available. However, the timing and amounts of the receipts of public support and miscellaneous revenues are often difficult to measure; therefore, they are recorded as revenue in the period received.

**Notes To Financial Statements
Continued**

Note 3 - Cash and Investments

At June 30, 2005, the Council's cash and investments consisted of the following:

<u>Cash & Investments</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Credit Risk Category</u>
Cash:					
Checking account - payroll	\$ 1,000	\$ 1,000	None	Demand	Category 1
Checking account - operating	17,569	17,569	None	Demand	Category 1
Petty Cash	<u>100</u>	<u>100</u>	None	N/A	None
Total Cash	<u>18,669</u>	<u>18,669</u>			
Investments:					
Certificates of Deposit:					
Whitney National Bank	38,195	38,195	3.00%	8/12/2005	Category 1
Hibernia National Bank	16,680	16,680	2.96%	8/14/2006	Category 1
Hibernia National Bank	25,000	25,000	3.00%	7/29/2007	Category 1
Hibernia National Bank	50,000	50,000	3.00%	7/29/2007	Category 1
First National Bank *U*S*A	48,210	48,210	3.50%	2/13/2008	Category 1
First National Bank *U*S*A	48,210	48,210	3.50%	2/13/2008	Category 1
LAMP	<u>628,068</u>	<u>628,068</u>	2.57%	Demand	Not Required
Total Investments	<u>854,363</u>	<u>854,363</u>			
Total Cash & Investments	<u>\$ 873,032</u>	<u>\$ 873,032</u>			
Unrestricted Purpose	\$ 871,521				
Restricted Purpose:					
Utility Assistance	1,311				
Home Repairs	<u>200</u>				
Total Cash & Investments	<u>\$ 873,032</u>				

As illustrated in the above table, some of the Council's cash and investments are restricted assets for the purposes of the Statement of Net Assets. Restricted assets include amounts received or earned by the Council with an explicit understanding between the Council and the resource providers that the resource would be used for a specific purpose. The Council has presented these restricted assets as current assets in the Statement of Net Assets because they are available for use in current operations.

The Council's operating account is a consolidated bank account that serves as a means to deposit the money funds it receives and to pay its bills other than payroll. The consolidated bank account is available for use by all funds. The purpose of the consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash resources to temporarily cover any negative cash balances in other funds. The Council also maintains another demand deposit account for making payroll disbursements. This account is maintained on an imprest basis.

Note 3 - Cash and Investments – (continued)

The Council also maintains a petty cash account of \$100 to pay for small, unexpected expenses that might arise during daily operations.

During the year, the Council might accumulate cash in excess of its immediate needs. To maximize its revenues, the Council's management will invest the excess cash. Although it is not required by law to comply with the State of Louisiana's investment laws, the Council's management has adopted an investment policy that is intended to follow Louisiana Revised Statute 33:2955, which sets forth a list of the types of investments in which a political subdivision may invest its temporarily idle funds. Accordingly, at year-end, the Council's management has \$226,295 in certificates of deposit and \$628,068 in the Louisiana Asset Management Pool (LAMP). Both types of investments comply with state law and the Council's investment policy.

As described in Louisiana law, the Council is classified as a quasi-public entity. Accordingly, the Council is not required to comply with Louisiana laws relating to the collateralization of bank deposits. However, it is the Council's policy to follow state law in an effort to minimize risks associated with bank deposits that exceed those currently covered by FDIC insurance.

At year-end, the carrying amount of the Council's checking accounts on the books for the two accounts at Hibernia National Bank was \$18,569, whereas the related bank balances totaled \$25,235. The difference in the book and bank balances for these checking accounts relates primarily to deposits made and checks written which had not cleared the bank accounts by year-end.

At year-end, the total balances of the Council's checking accounts (bank balances) and certificates of deposits at the three banks that the Council has accounts with totaled \$251,529. The total amount secured by FDIC insurance (Category 1) was \$234,615. The remaining \$16,914 was uninsured but was collateralized by securities pledged by the bank and held for the benefit of the Council by the Federal Reserve Bank in New Orleans (also Category 1) thereby eliminating their credit risks.

The certificates of deposit represent nonparticipating interest-earning contracts as described in GASB Statement 31; accordingly, they have been reported at cost in these financial statements. Because the maturity date of one of the certificates of deposit is less than one year, it is listed as a short-term investment on the Statement of Net Assets. All of the other certificates of deposit have a maturity date greater than one year and are listed as long-term investments on the Statement of Net Assets.

LAMP is an external investment pool established as a cooperative endeavor to enable public entities in the State of Louisiana an opportunity to combine their funds for investment. LAMP is administered by LAMP, Inc., a non-profit corporation organized under Louisiana law. Although LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered

Note 3 - Cash and Investments – (continued)

money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes investments only in federal agencies backed by the U.S. government, government-only money market funds rated AAA by Standard & Poor's, and commercial paper of domestic United States corporations rated A-1 or A-1+ by Standard & Poor's. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and LAMP consists of no securities with a maturity of more than 397 days. However, LAMP voluntarily complies with Standard & Poor's requirement for AAAm rated funds to restrict the average weighted average maturity of investments to 60 days or less in order to maintain its AAAm rating for the LAMP pool. By doing this, LAMP maintains the safety of its invested principal and limits its exposure to loss in the market. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purposes of determining participants' shares sold and redeemed, investments are valued at amortized cost. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments comprising LAMP's portfolio are stated at their fair values based on quoted market rates. The fair values are determined on a weekly basis by LAMP and the fair value of the position of the pool is the same as the value of the pool shares. LAMP seeks to maintain a stable net asset value of \$1.00 per unit, but there are no assurances that LAMP will be able to always achieve this objective. Because of its liquidity, the balance in the LAMP account is classified as a current asset on the Statement of Net Assets. The LAMP investment does not have a credit risk categorization similar to the Council's demand deposits and CD because the LAMP investment is not evidenced by securities that exist in physical or book entry form. However, LAMP issues an annual audited financial statement, in which the pool's custodial credit risks and investment policies are disclosed.

Note 4 - Government Grants and Contracts Receivable

Government grants and contracts receivable represent amounts owed to the Council under a grant award or contract with a provider of federal, state, or local funds; such amounts being measurable and available as of year-end.

Government grants and contracts receivable at year-end, consist of reimbursements for expenses incurred under the following programs:

<u>Program</u>	<u>Provider</u>	<u>Fund</u>	<u>Amount</u>
Local Transportation	United Way	General Fund	\$ 2,677
Safe Harbor	United Way	General Fund	1,248
Title III-B	United Way	Special Revenue Fund	6,048
Title III-E	GOEA	Special Revenue Fund	580
NSIP	GOEA	Special Revenue Fund	2,285
Total			<u>\$ 12,838</u>

**Notes To Financial Statements
Continued**

Note 5 - Changes in Capital Assets

A summary of changes in capital assets is as follows:

	Balance at July 1, 2004	Additions	Sales and Dispositions	Balance at June 30, 2005
Vehicles	\$ 329,777	\$ 140,040	\$ (78,128)	\$ 391,689
Machinery and equipment	25,535	5,729	0	31,264
Leasehold improvements	23,560	0	(1,950)	21,610
	<u>378,872</u>	<u>145,769</u>	<u>(80,078)</u>	<u>444,563</u>
Less: Accumulated Depreciation	<u>(263,421)</u>	<u>(58,114)</u>	<u>78,714</u>	<u>(242,821)</u>
Total	<u>\$ 115,451</u>	<u>\$ 87,655</u>	<u>\$ (1,364)</u>	<u>\$ 201,742</u>

All of the Council's fixed assets are subject to depreciation.

During the year, the Council sold three vans and disposed of an air conditioner. The total sales revenue of the vans was \$1,980 and the total book value (cost minus accumulated depreciation) of the vans was zero. This left the Council with a gain on the sale of the vans on the government-wide financial statements of the total sales price. The air conditioner had a book value of \$1,365. Therefore, on the government-wide financial statements, the Council had a loss on disposal of asset for the amount of the book value.

Depreciation was charged to governmental activities as follows:

Supportive Services:	
Transportation For The Elderly	\$ 41,018
Nutrition Services:	
Home delivered meals	8,133
Administration	<u>8,963</u>
Total Depreciation Expense	<u>\$ 58,114</u>

**Notes To Financial Statements
Continued**

Note 6 - Accrued Compensated Absences

For purposes of the Statement of Net Assets, the Council has presented all of its accumulated unpaid vacation leave as a current liability. This is because vested amounts will all be used before the end of the next fiscal year. In contrast, no liability for vacation leave has been presented in the Balance Sheet of the fund financial statements because vacation leave does not become a liability until the employee has made a request to use it or terminates employment with the Council. The following is a schedule of changes that occurred in the Council's vacation leave account during the fiscal year:

	Balance 7/1/2004	Net Increase (Decrease)	Balance 6/30/2005
Accumulated Unpaid Leave	\$ 7,258	\$ (199)	\$ 7,059

Note 7 - Revenue Recognition - Property Tax

The Council on Aging receives funds from a property tax that was adopted by the voters of St. Charles Parish for the purpose of operating and maintaining programs for the elderly in the parish. The property tax was initially passed in 1989 and was renewed again in fiscal year 1999. The tax will be assessed through the year 2009. The property tax, a .98 mill assessment, is levied each year by the St. Charles Parish Assessor on November 15 based upon the assessed value, less homestead exemptions. The 1st day of January preceding the annual levy date (Nov. 15th) will be used as the date to value the property subject to tax. The tax becomes due on November 15 and is considered delinquent if not paid by December 31. Most of the property tax revenues are collected during the months of December, January, and February. The St. Charles Parish Council acts as the collection agent for these taxes.

The gross assessed value as of January 1, 2004, of the certified roll was \$848,075,721. After applying homestead exemptions and other reductions of \$87,570,698 the net assessed value upon which the Council's property tax was computed was \$760,505,023. Management has estimated the gross amount of property tax payable, excluding back tax settlements and uncollectible amounts, to the Council for this fiscal year to be \$745,297.

Property taxes are recorded as receivables and deferred revenues at the time the tax levy is billed. As the taxes are collected and remitted to the Council, they are recorded as revenues in accordance with the modified accrual basis of accounting.

The Council also accrues as current year revenues any property taxes it receives within 60 days of year-end because it considers those amounts to be measurable and available. Accordingly, property tax collections of \$38 during July and August 2005 were accrued as this year's revenues. Based on the information available to management at the time these financial statements were prepared, management estimates \$740,297 (approximately 99%) of the property taxes due from the 2004 tax assessment will be collected. Accordingly, management has recorded an estimate

Note 7 - Revenue Recognition - Property Tax – (continued)

for uncollectible property taxes of \$5,000. Deferred revenues in the amount of \$966 have been recorded as deferred property tax revenues on the Balance Sheet of the Fund Financial Statements.

Property tax revenues on the fund financial Statement of Revenues, Expenditures, and Changes in Fund Balances include \$34,720 withheld by the Sheriff for Council on Aging's pro rata shares of the cost of tax collection, insurance, indirect costs, and pension expense. A corresponding intergovernmental expenditure of \$34,720 has also been presented in that financial statement. For the purposes of the government-wide Statement of Activities, property tax revenues of \$745,297 were reduced by the \$34,720 withheld by the Sheriff producing net property tax revenue of \$710,577, which was a component of general revenues on that statement. Also see Note 11 to these financial statements.

Also, during the year, the Council wrote off the amount that was not collected from the prior year's property taxes. This amount, \$5,576, was netted against the current year's tax revenue on both the fund and government-wide financial statements. During the year, the Council also collected interest on back taxes. This amount, \$667, was added to the current year's tax revenue on both the fund and government-wide financial statements.

Note 8 - In-Kind Contributions

The Council on Aging received various in-kind contributions during the year. The senior center meal site locations in Luling and New Sarpy were provided without rental charge. However, the Council on Aging is responsible for paying the utility bill at these locations. If the Council had to pay rent for these locations, management estimates that each location would have cost about \$6,000 annually.

The Council on Aging was furnished the use of Title V workers at no charge. The Council estimates that if it had to pay these workers, the cost would be \$10,712.

Volunteers deliver meals and provide help in other areas. Volunteers are important to the Council being able to provide certain types of services and without them the Council may have had to hire additional employees to perform the services. The Council estimates that if it had to pay these volunteers, the cost would be \$5,575.

Crime prevention, a service provided under Title III B's supportive services, was performed by the St. Charles Parish Sheriff and TRIAD at no cost to the Council. Management has estimated the value of this service to be about \$460.

The Council is a distribution site for "Food for Seniors" where commodities are passed out to the elderly. The commodities are not actually donated to the Council as an in-kind contribution. The Council coordinates the distribution and provides the manpower to help another local non-profit entity distribute the food. Management estimates that the Council distributed about \$212,822 of commodities.

Note 8 - In-Kind Contributions – (continued)

Occasionally, the Council transports people that require assistance to make the trip. In such cases, the Council provides the transportation but cannot provide the person to assist the client being transported. The person who assists the client being transported is counted as in-kind support. The Council estimates that if it had to pay these helpers, the cost would be \$2,800.

No amounts have been recorded in these financial statements because accounting principles for governmental entities do not require the valuation and recording of in-kind contributions.

Note 9 - Fund Balances – Fund Financial Statements

At year-end, one special revenue fund had a remaining fund balance. Usually, the fund balances of the special revenue funds are cleared out at year-end to comply with the administration and accounting policies of the grantor agencies that have awarded the Council certain grants. However, there are exceptions to these policies.

The Council has \$1,310 of utility assistance contributions that remain unspent as of year-end. The donors restrict these contributions for specific purposes. Accordingly, management separately accounts for them in a special revenue fund to ensure accountability.

Utility assistance fund balances are common amongst council on aging entities. Utility assistance is a supportive service rendered under the Council's Title III B program. Rather than commingle the accounting of the receipts and disbursements of the utility assistance within the Title III B fund, GOEA prefers that councils on aging use a separate fund that can facilitate the monitoring of the other Title III B activities separately from the utility assistance activities.

Note 10 - Restricted Net Assets

At year-end, the Council had restricted net assets for utility assistance and home repairs. Both of these are restricted because of donor restrictions when the Council received the revenue. The amount for utility assistance, \$1,311, must be spent on utility assistance, and the amount for home repairs, \$200, must be spent for home repairs.

Note 11 - On-Behalf Payments For Fringe Benefits

Because the Council is one of several governmental agencies receiving proceeds from a property tax assessment, state law (RS 11:82) requires the Council to bear a pro-rata share of the pension expense relating to state and statewide public retirement systems. The Council's pro-rata share of the required contribution was \$24,968 that was withheld by the St. Charles Parish Sheriff from property tax collections to satisfy the Council's obligation. The Sheriff withholds the entire amount of this obligation in December each year even though some of the property taxes

**Notes To Financial Statements
Continued**

Note 11 - On-Behalf Payments For Fringe Benefits - (continued)

may never be collected. None of the Council's employees participate in or benefit from any pension plan relating to this expenditure.

The \$24,968 withheld by the Sheriff has been included as part of "intergovernmental" expenditures of the General Fund in these financial statements. Further, as described in Note 7, the Council has also increased its property tax revenues by the same amount of this intergovernmental expenditure

Note 12 - Prepaid Expenditures and Expenses

At year-end, prepaid expenditures and prepaid expenses consisted of the following:

	<u>Expenditures</u>	<u>Expenses</u>
Dues and subscriptions	\$ 1,092	\$ 1,092
Insurance premiums	8,011	8,011
Lease	1,102	1,102
Totals	<u>\$ 10,205</u>	<u>\$ 10,205</u>

Due to the fact that all of the prepaid expenditures and expenses will be consumed in the next fiscal year, the amounts for both are identical.

Note 13 - Board of Directors' Compensation

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member. However, board members are reimbursed for any out-of-pocket costs they might incur on behalf of the Council in accordance with the Council's applicable reimbursement policy.

Note 14 - Income Tax Status

The Council, a non-profit corporation, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986, and as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax.

The Council does not file a Form 990 because it has been determined to be an "affiliate of a governmental unit" within the meaning of Section 4 of Revenue Procedure 95-48, 1995-2 C.B. 418.

Note 15 - Lease and Rental Commitments

The Council leases from the St. Charles Parish School Board a building that houses the Council's main office and a cafeteria, which is used as a senior center at 626 Pine, Hahnville, Louisiana, and a meal site known as the Norco Adult Learning center in Norco, Louisiana. The terms of this lease require monthly payments of \$1,102 per month. The Council is responsible for cleaning the facilities but the St. Charles Parish School Board (the lessor) pays for repairs, utilities, and liability insurance. The Council's Board approved the lease on May 16, 2002. The lease is a continuous lease, which may be terminated upon a thirty-day notice by either party. For the fiscal year rent expenditures were \$13,224. The portion of the lease that is for the senior center is reported in the senior center fund, and the portion that is for the main office is allocated to the various programs as an indirect expense. This lease will require the Council to pay \$13,224 per year for every year until the lease is terminated or amended.

The Council also leases a copy machine from Xerox. The lease term will expire in April of 2006. The current lease payment is \$393.53 per month plus additional charges for excess copies made over an agreed upon amount. The total amount of expense for the base lease was \$4,722 plus \$1,311 for excess meter charges for a total lease expense of \$6,033. This lease cost is allocated to the various programs as an indirect expense. The total lease payments required from July of 2005 to April of 2006 are \$3,935.

The Council also rents radios for its vans on a year-to-year basis. The rent expense for the radios was \$8,289, which has been allocated proportionately to the elderly transportation, local transportation, and the home-delivered meals programs. The amount this agreement requires the Council to pay may change from year-to year when the new agreement is signed.

The Council also rents its telephone system. The rent is \$160.59 per month and is payable as long as the Council uses this phone system. The annual amount paid was \$1,766, which was allocated as an indirect expense to the various programs. This rental agreement will require the Council to pay \$1,927 per year for every year until the Council no longer uses the telephone system.

The total rent expense for all of the above lease and rental commitments was \$29,097. Rent expenses are included in the fund financial statements in the operating services category on the Statement of Revenues, Expenditures, and Changes in Fund Balances.

Note 16 - Judgments, Claims, and Similar Contingencies

There is no litigation pending against the Council as of year-end. The Council's management believes that any potential lawsuits would be adequately covered by insurance or resolved without any material impact upon the Council's financial statements.

Note 17 - Contingencies - Grant Programs

The Council participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Council has not complied with the rules and regulations governing the grants, refunds of any money received and the collectibility of any related receivable at year-end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Council.

Note 18 - Risk Management

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The Council has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the Council's insurance coverage.

The Council's management has not purchased commercial insurance or made provisions to cover or reduce the risk of loss, as a result of business interruption and certain acts of God, like floods or earthquakes.

Note 19 - Retirement Plan

The Council and its qualified employees participate in the Louisiana Deferred Compensation Plan, which is a nonqualified deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Colorado National Bank administers the plan. The Plan is available to all Council employees. Participation is not mandatory. The plan permits participating employees to defer up to the lesser of (1) 100% of their taxable compensation or (2) \$13,000 (\$16,000 if over 50 years of age) per year. In addition, the Council will "match" 25% of the amount the participant defers. All amounts contributed to the plan by the employees and the Council are non-forfeitable thereby making them 100% vested by the employees. During the fiscal year, \$19,545 was contributed to the plan via employee salary deferrals. Matching amounts contributed by the Council were \$5,886. The Plan does not meet the definition of a fiduciary fund; accordingly, the Council has not reported any amounts in these financial statements. The Council does not guarantee the benefits of any amounts contributed to the Colorado National Bank.

**Notes To Financial Statements
Continued**

Note 20 - Economic Dependency

The Council receives the majority of its revenue from grants administered through the Governor's Office of Elderly Affairs (GOEA) and property taxes from St. Charles Parish. The grant amounts are appropriated each year by the federal and state governments. The St. Charles Parish Assessor assesses the property taxes each year. If significant budget cuts are made at the federal and/or state level, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. If the tax base of St. Charles Parish gets affected adversely, the amount of property taxes that the Council receives could be reduced. Management is not aware of any actions that will significantly affect the amount of funds the Council will receive in fiscal year 2006 relating to amounts it usually receives from GOEA or the St. Charles Parish, except that as a result of hurricanes Katrina and Rita, the State of Louisiana will be making budget cuts that are likely to affect the amount of grant funds the Council will receive for part of FY 2006. Management is unable to predict how much less the Council will receive from any grant in FY 2006. However, management believes the Council has sufficient financial resources available to absorb any cuts made by the state government.

Note 21 - Interfund Receivables and Payables

Because the Council operates most of its programs under cost reimbursement type grants, some programs have to pay for costs using its General Fund money and then request reimbursement for the advanced costs under the grant programs. Such advances create short-term interfund loans. A summary of these interfund loans at year end, is as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Major Funds:		
General Fund	\$ 8,913	\$ 0
Title III-B		6,048
Non-Major Funds:		
Title III-E	0	580
NSIP	0	2,285
Total	<u>\$ 8,913</u>	<u>\$ 8,913</u>

These loans have been eliminated as a part of the consolidation process in preparing the Government-Wide Financial Statements.

**Notes To Financial Statements
Continued**

Note 22 - Interfund Transfers

Interfund transfers to and from are listed by fund for the fiscal year as follows:

	Funds Transferred From:			
	General Fund	Special Revenue Funds		
	Major	Non-Major		
	General Fund	N.S.I.P.	Supplemental Senior Center	Total
Funds Transferred To:				
Special Revenue Funds:				
Major Special Revenue Funds				
Title III B	\$ 512,332	\$ 0	\$ 0	\$ 512,332
Title III C Admin	5,000	0	0	5,000
C-2	97,978	28,616	0	126,594
Non-Major Special Revenue Funds				
C-1	44,816	0	0	44,816
Title IIID	5,967	0	0	5,967
Audit	7,068	0	0	7,068
Senior Center	702	0	3,825	4,527
Total Transfers	\$ 673,863	\$ 28,616	\$ 3,825	\$ 706,304

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) shift unrestricted revenues collected in the General Fund and certain Special Revenue Funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

These transfers were eliminated as a part of the consolidation process in preparing the Government-Wide Financial Statements.

Note 23 - Related Party Transactions

There were no significant related party transactions during the year.

Note 24 - Subsequent Event

On August 29, 2005, Hurricane Katrina hit St. Charles Parish inflicting damage to the Parish and disrupting the Council's operations. A few weeks later, Hurricane Rita also hit St. Charles Parish. At this time, there is no way for management to know precisely how the hurricane damages will affect the Council's financial position and ability to deliver its usual program services in FY 2006 and future years. However, management believes that the Council has sufficient financial and other resources that will enable the Council to adequately recover and resume its program services to pre-hurricane levels. Based on the information available to management at this time, here is a summary of the known and expected damages that the Council has suffered to its property and operations:

- FY 2006 revenues could be less than budgeted because management might not be able to provide the units of service or incur the costs that generate the revenue under the various contracts and grants the Council has with other agencies.
- The Council did not lose any of its capital assets, such as vehicles, that are used daily in delivering services.
- None of the meal sites were permanently damaged and meals have resumed.

**SUPPLEMENTARY FINANCIAL INFORMATION
REQUIRED BY GASB STATEMENT 34**

Budgetary Comparison Schedule - General Fund

St. Charles Council on Aging, Inc. Hahnville, Louisiana

For the year ended June 30, 2005

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget</u>
	<u>Original</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES			
Ad Valorem Taxes	\$ 704,700	\$ 734,393	\$ 29,693
Intergovernmental			
Governor's Office of Elderly Affairs	21,048	21,048	0
Public Support			
United Way - Restricted	18,590	18,479	(111)
United Way - Unrestricted	1,100	1,533	433
Other	1,500	594	(906)
Investment Income	5,000	19,832	14,832
Miscellaneous	0	6	6
	<u>\$ 751,938</u>	<u>\$ 795,885</u>	<u>\$ 43,947</u>
Total Revenues			
EXPENDITURES			
Health, Welfare, & Social Services			
Current:			
Personnel	\$ 4,477	\$ 7,376	\$ (2,899)
Fringe	799	1,098	(299)
Travel	34	90	(56)
Operating Services	2,398	4,272	(1,874)
Operating Supplies	853	1,508	(655)
Other Costs	7,543	3,956	3,587
Capital Outlay	28,122	33,732	(5,610)
Intergovernmental	30,000	34,720	(4,720)
	<u>\$ 74,226</u>	<u>\$ 86,752</u>	<u>\$ (12,526)</u>
Total Expenditures			
Excess (deficiency) of revenues over expenditures	<u>\$ 677,712</u>	<u>\$ 709,133</u>	<u>\$ 31,421</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	\$ (719,040)	\$ (673,863)	\$ 45,177
Proceeds from sale of vehicles	0	1,980	1,980
	<u>\$ (719,040)</u>	<u>\$ (671,883)</u>	<u>\$ 47,157</u>
Total other financing sources and uses			
Net Increase (Decrease) in fund balances	<u><u>\$ (41,328)</u></u>	<u><u>\$ 37,250</u></u>	<u><u>\$ 78,578</u></u>
FUND BALANCES			
Beginning of the year		839,341	
End of the year		<u><u>\$ 876,591</u></u>	

See Accompanying Notes to Required Supplementary Information.

Budgetary Comparison Schedule - Title III-B

St. Charles Council on Aging, Inc. Hahnville, Louisiana

For the year ended June 30, 2005

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget</u>
	<u>Original</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental			
Governor's Office of Elderly Affairs	\$ 51,840	\$ 51,840	\$ 0
Public Support			
Client Contributions	1,600	2,435	835
Public Support			
United Way - Restricted	42,822	39,096	(3,726)
	<u>\$ 96,262</u>	<u>\$ 93,371</u>	<u>\$ (2,891)</u>
Total Revenues			
EXPENDITURES			
Health, Welfare, & Social Services			
Current:			
Personnel	\$ 302,914	\$ 267,339	\$ 35,575
Fringe	52,052	41,892	10,160
Travel	3,897	2,849	1,048
Operating Services	132,067	124,289	7,778
Operating Supplies	52,963	54,021	(1,058)
Other Costs	6,286	2,715	3,571
Full Service Contracts	108,280	112,598	(4,318)
	<u>\$ 658,459</u>	<u>\$ 605,703</u>	<u>\$ 52,756</u>
Total Expenditures			
Excess (deficiency) of revenues over expenditures	<u>\$ (562,197)</u>	<u>\$ (512,332)</u>	<u>\$ 49,865</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>\$ 562,197</u>	<u>\$ 512,332</u>	<u>\$ (49,865)</u>
Total other financing sources and uses	<u>\$ 562,197</u>	<u>\$ 512,332</u>	<u>\$ (49,865)</u>
Net Increase (Decrease) in fund balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
FUND BALANCES			
Beginning of the year		<u>0</u>	
End of the year		<u>\$ 0</u>	

See Accompanying Notes to Required Supplementary Information.

Budgetary Comparison Schedule - Title III-C Admin.

St. Charles Council on Aging, Inc. Hahnville, Louisiana

For the year ended June 30, 2005

	Budgeted Amounts	Actual Amounts	Variance with Budget
	Original	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES			
Intergovernmental			
Governor's Office of Elderly Affairs	\$ 13,625	\$ 13,625	\$ 0
Total Revenues	\$ 13,625	\$ 13,625	\$ 0
EXPENDITURES			
Health, Welfare, & Social Services			
Current:			
Personnel	\$ 9,587	\$ 9,587	\$ 0
Fringe	1,684	1,684	0
Travel	116	116	0
Operating Services	5,500	5,500	0
Operating Supplies	1,488	1,488	0
Other Costs	250	250	0
Total Expenditures	\$ 18,625	\$ 18,625	\$ 0
Excess (deficiency) of revenues over expenditures	\$ (5,000)	\$ (5,000)	\$ 0
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 5,000	\$ 5,000	\$ 0
Total other financing sources and uses	\$ 5,000	\$ 5,000	\$ 0
Net Increase (Decrease) in fund balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
FUND BALANCES			
Beginning of the year		0	
End of the year		<u>\$ 0</u>	

Budgetary Comparison Schedule - Title III-C-2

St. Charles Council on Aging, Inc. Hahnville, Louisiana

For the year ended June 30, 2005

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget</u>
	<u>Original</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental			
Governor's Office of Elderly Affairs	\$ 49,771	\$ 49,771	\$ 0
Public Support			
Client Contributions	18,500	17,756	(744)
United Way - Restricted	0	3,256	3,256
	<u>0</u>	<u>3,256</u>	<u>3,256</u>
Total Revenues	<u>\$ 68,271</u>	<u>\$ 70,783</u>	<u>\$ 2,512</u>
EXPENDITURES			
Health, Welfare, & Social Services			
Current:			
Personnel	\$ 61,468	\$ 62,537	\$ (1,069)
Fringe	10,748	9,316	1,432
Travel	380	461	(81)
Operating Services	25,036	26,088	(1,052)
Operating Supplies	9,291	11,862	(2,571)
Other Costs	5,157	3,286	1,871
Meals	90,476	83,827	6,649
	<u>90,476</u>	<u>83,827</u>	<u>6,649</u>
Total Expenditures	<u>\$ 202,556</u>	<u>\$ 197,377</u>	<u>\$ 5,179</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (134,285)</u>	<u>\$ (126,594)</u>	<u>\$ 7,691</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 134,285	\$ 126,594	\$ (7,691)
	<u>134,285</u>	<u>126,594</u>	<u>(7,691)</u>
Total other financing sources and uses	<u>\$ 134,285</u>	<u>\$ 126,594</u>	<u>\$ (7,691)</u>
Net Increase (Decrease) in fund balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
FUND BALANCES			
Beginning of the year		0	
End of the year		<u>\$ 0</u>	

See Accompanying Notes to Required Supplementary Information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

St. Charles Council on Aging, Inc.
Hahnville, Louisiana

For the Year Ended June 30, 2005

Note 1 - Budgetary Reporting

The budget information presented in this section of required supplementary information applies to "major" governmental funds for which annual budgets were adopted. Budgetary information for "Non-major" funds has not been included anywhere in these financial statements.

The Council follows these procedures in establishing the budgetary data that has been presented as required supplementary information in these financial statements.

- The Governor's Office of Elderly Affairs "GOEA" notifies the Council each year as to the funding levels for each of its programs.
- Management makes revenue projections based on grants from other agencies, program service fees, public support (including client contributions), interest income, and other miscellaneous sources.
- Management makes projections of property tax revenues based on past trends and data available at the Parish Assessor's office to form expectations of future revenues.
- The Council's executive director and finance administrator prepare a proposed budget based on the projections. The proposed budget is submitted to the Board of Directors for final approval.
- The Board of Directors reviews and adopts the budget before May 31 of the *current fiscal year for the next fiscal year*.
- The adopted budget is forwarded to the Governor's Office of Elderly Affairs for final compliance approval.
- Unused budget amounts lapse at the end of each fiscal year (June 30). However, if a grant or contract is not completed by June 30, the Council will automatically re-budget funds in the next fiscal year to complete the grant or contract. An example where this might occur is when vehicles are acquired under federal matching programs. The "match" might be made in one year and the vehicles delivered in another year.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

- The budget is prepared on a modified accrual basis, consistent with the basis of accounting, for comparability of budgeted and actual revenues and expenditures.
- Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts. During the fiscal year, management did not amend the Council's budget.
- Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.
- The Council may transfer funds between line items as often as required but must obtain compliance approval from the Governor's Office of Elderly Affairs (GOEA) for changes relating to funds received under grants from this state agency. As part of its grant awards, GOEA requires the Council to amend its budget in cases where actual costs for a particular line item exceed the budgeted amount by more than 10%, unless unrestricted funds are available to "cover" the overrun.
- Expenditures cannot legally exceed budgeted revenues on an individual fund level, unless a large enough fund balance exists to absorb the budgeted operating deficit.
- The Council is not required by state or local law to prepare a budget for every program or activity it conducts. Accordingly, some General Fund activities may not be budgeted, particularly if they are deemed to be immaterial by management.

Note 2 - General Fund's Budgeted Operating Deficit

Management budgeted an operating deficit in the Council's General Fund this year because (1) the loss of an experienced director for a portion of the fiscal year might produce more personnel costs to handle the workload previously handled by the director, (2) an increase in cost of fuel will ripple through all service costs directly and indirectly, (3) more demand for services that are priority type services, (4) United Way may not fully fund our FY 2005 request and this will cause a higher deficit or a reduction in services or workforce, (5) additional audit related costs due to SAS 99 and GASB 34, (6) matching funds are needed for three FTA vans. Management was able to budget the operating deficit because the Council had enough fund balance to cover the deficit.

**SUPPLEMENTARY FINANCIAL INFORMATION
REQUIRED BY GOEA**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS**

**St. Charles Council on Aging, Inc.
Hahnville, LA**

For the Year Ended June 30, 2005

	Audit	Title III C-1	Title III D	Title III E	Senior Center	Supple. Senior Center	NSIP	FTA	Utility Assistance	Totals
REVENUES										
Intergovernmental										
Governor's Office of Elderly Affairs	\$ 1,332	\$ 27,655	\$ 2,165	\$ 12,431	\$ 25,796	\$ 3,825	\$ 28,616	\$ 0	\$ 0	\$ 101,820
Louisiana DOTD	0	0	0	0	0	0	0	112,037	0	112,037
Public Support										
Various Utility Companies	0	0	0	0	0	0	0	0	5,854	5,854
Client Contributions	0	10,785	0	0	0	0	0	0	0	10,785
Program service fees	0	10	0	0	0	0	0	0	0	10
Total Revenues	\$ 1,332	\$ 38,450	\$ 2,165	\$ 12,431	\$ 25,796	\$ 3,825	\$ 28,616	\$ 112,037	\$ 5,854	\$ 230,506
EXPENDITURES										
Health, Welfare, & Social Services										
Current:										
Personnel	\$ 0	\$ 27,005	\$ 0	\$ 144	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 27,149
Fringe	0	4,253	0	11	0	0	0	0	0	4,264
Travel	0	37	0	0	0	0	0	0	0	37
Operating Services	0	5,114	0	0	27,354	0	0	0	0	32,468
Operating Supplies	0	2,148	0	0	2,969	0	0	0	0	5,117
Other Costs	8,400	2,516	0	0	0	0	0	0	0	10,916
Full Service Contracts	0	0	8,132	12,276	0	0	0	0	0	20,408
Meals	0	42,193	0	0	0	0	0	0	0	42,193
Utility Assistance	0	0	0	0	0	0	0	0	10,068	10,068
Capital Outlay	0	0	0	0	0	0	0	112,037	0	112,037
Total Expenditures	\$ 8,400	\$ 83,266	\$ 8,132	\$ 12,431	\$ 30,323	\$ 0	\$ 0	\$ 112,037	\$ 10,068	\$ 264,657
Excess (deficiency) of revenues over expenditures	\$ (7,068)	\$ (44,816)	\$ (5,967)	\$ 0	\$ (4,527)	\$ 3,825	\$ 28,616	\$ 0	\$ (4,214)	\$ (34,151)
OTHER FINANCING SOURCES (USES)										
Transfers in	\$ 7,068	\$ 44,816	\$ 5,967	\$ 0	\$ 4,527	\$ 0	\$ 0	\$ 0	\$ 0	\$ 62,378
Transfers out	0	0	0	0	0	(3,825)	(28,616)	0	0	(32,441)
Total other financing sources and uses	\$ 7,068	\$ 44,816	\$ 5,967	\$ 0	\$ 4,527	\$ (3,825)	\$ (28,616)	\$ 0	\$ 0	\$ 29,937
Net Increase (Decrease) in fund balances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (4,214)	\$ (4,214)
FUND BALANCES										
Beginning of the year	0	0	0	0	0	0	0	0	5,524	5,524
End of the year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,310	\$ 1,310

COMPARATIVE SCHEDULE OF GENERAL FIXED ASSETS AND CHANGES IN
GENERAL FIXED ASSETS

St. Charles Council on Aging, Inc.
Hahnville, Louisiana

For the Year Ended June 30, 2005

	Balance June 30, 2004	Additional	Deletions	Balance June 30, 2005
<u>General fixed assets:</u>				
Vehicles	\$ 329,777	\$ 140,040	\$ (78,128)	\$ 391,689
Machinery and equipment	25,535	5,729	0	31,264
Leasehold improvements	23,560	0	(1,950)	21,610
Total general fixed assets	<u>\$ 378,872</u>	<u>\$ 145,769</u>	<u>\$ (80,078)</u>	<u>\$ 444,563</u>
<u>Investment in general fixed assets:</u>				
Property acquired with funds from -				
FTA	\$ 255,346	\$ 112,037	\$ (54,690)	\$ 312,693
General funds	119,628	33,732	(25,388)	127,972
United Way	3,898	0	0	3,898
Total investments in fixed assets	<u>\$ 378,872</u>	<u>\$ 145,769</u>	<u>\$ (80,078)</u>	<u>\$ 444,563</u>



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
St. Charles Council On Aging, Inc.
Hahnville, Louisiana

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of St. Charles Council on Aging, Inc., Hahnville, Louisiana, as of and for the year ended June 30, 2005, which collectively comprise the St. Charles Council on Aging, Inc.'s basic financial statements and have issued our report thereon dated December 6, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.


Internal Control Over Financial Reporting

In planning and performing our audit, we considered the St. Charles Council on Aging, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the St. Charles Council on Aging, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Council's board of directors, management, pass-through entities, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.


Thibodaux, Louisiana
December 6, 2005

TIMOTHY S. KEARNS
MASTER OF BUSINESS ADMINISTRATION
CERTIFIED PUBLIC ACCOUNTANT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

St. Charles Council on Aging, Inc.
Hahnville, Louisiana

For the Year Ended June 30, 2005

We have audited the financial statements of the St. Charles Council on Aging, Inc., Hahnville, Louisiana as of and for the year ended June 30, 2005, and have issued our report thereon dated December 6, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2005 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

- a. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting:

Material Weaknesses

_____ Yes X No

Reportable Conditions

_____ Yes X No

Compliance and Other Matters:

Compliance Material to Financial Statements

_____ Yes X No

- b. Federal Awards.

Federal awards were less than \$500,000. This section is not applicable.

- c. Identification of Major Programs.

This section is not applicable.

- d. Management Letter.

The auditor issued a management letter relating to this year's audit.

_____ Yes X No

Section II - Financial Statement Findings

There were no findings that are required to be reported in this section of the report.

Section III - Federal Award Findings and Questioned Costs.

This section is not applicable.

SCHEDULE OF PRIOR YEAR FINDINGS

St. Charles Council on Aging, Inc.
Hahnville, Louisiana

For the Year Ended June 30, 2005

Internal Control And Compliance Deficiencies Material To The Financial Statements.

No findings were reported in the prior year.

Internal Control And Compliance Deficiencies Material To Federal Awards.

No findings were reported in the prior year.

Management Letter.

A management letter was not issued in the prior year.

MANAGEMENT'S CORRECTIVE ACTION PLAN

St. Charles Council on Aging, Inc.
Hahnville, Louisiana

For the Year Ended June 30, 2005

To the following oversight agencies for audit:

State: Legislative Auditor of the State of Louisiana; and
Governor's Office of Elderly Affairs.

St. Charles Council on Aging, Inc., Hahnville, Louisiana, respectfully submits the following corrective action plan for the year ended June 30, 2005.

Name, address and contact information of the independent certified public accounting firm:

T.S. Kearns & Co., CPA, PC
501 Canal Boulevard
Thibodaux, Louisiana 70301
985-447-8507
tim.kearns@kearnscpa.com

Audit period: For the year ended June 30, 2005.

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES MATERIAL TO THE FINANCIAL STATEMENTS.

There were no findings reported in this section.

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES MATERIAL TO FEDERAL AWARDS.

There were no findings reported in this section.

MANAGEMENT LETTER.

A management letter was not issued.

If you have any questions regarding this plan, please call Margaret Powe at (985) 783-6683.